

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2017-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 6**
(November 1, 2016)

The Postal Service hereby files its response to Question 1 of Chairman's Information Request (CHIR) No. 6, issued on October 27, 2016. The question is stated verbatim and is followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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First-Class International Mail

Please refer to the revised Inbound Letter Post workpapers.¹

a. Please confirm that:

1. For group 3 countries with projected annual mail flows over 75 tons to the Postal Service in Calendar Year (CY) 2016 and CY 2017, the per item/per kilogram terminal dues rates in Article 30.9 of the Universal Postal Convention (UPU Convention) should be used, rather than the rates provided in Table 6 of the workpapers.
2. For group 3 countries with projected annual mail flows less than 75 tons to the Postal Service in CY 2016 and CY 2017, the per kilogram terminal dues rates in Table 8 of the workpapers² should be used, rather than the rates provided in Table 6 of the workpapers.³
3. For CY 2016, for the countries that joined the target system in CY 2016 and have voluntarily participated in the quality of service link to terminal dues, the U.S. quality of service-linked terminal dues rates in Table 2.2 of IB Circular 108 of July 13, 2015, should be used. The per item/per kilogram rates should be used for projected annual flows above 75 tons, while the per kilogram rate should be used for projected annual flows below 75 tons.
4. For CY 2017, for the countries that joined the target system in CY 2016 and have voluntarily participated in the quality of service link to terminal dues, the quality of service-linked terminal dues rates for each country in Table 1.3 of IB Circular 107 of July 4, 2016, should be used. The per item/per kilogram rates should be used for projected annual flows above 75 tons, while the projected annual per kilogram rate should be used for flows below 75 tons.

b. If confirmed, please file revised workpapers.

c. If not confirmed, please explain the rationale for using the rates in Table 6 of the workpapers for group 3 countries. Please specify the

¹ Library Reference USPS-LR-R2017-1/NP1, REVISED - First-Class Mail International Workpapers (Nonpublic), October 21, 2016, Excel file "Inbound CAPCALC-FCMI-R2017-1_CHIR_2_GRP_3_Rev.xlsx," tab "Inbound FCMI Rates."

² Table 8 uses the per kilogram rates for transition countries outlined in Article 31.4 of the UPU Convention.

³ These per kilogram rates are based on the per item/per kilogram rates in Article 30.9 of the UPU Convention applying a number of items per kilogram (IPK) of 12.23 in accordance with Article 30.13 of the UPU Convention.

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IB Circular, including the table and date, used to make the determination that Table 6 is appropriate.

RESPONSE

- a.
 - i. Confirmed.
 - ii. Confirmed.
 - iii. Confirmed.
 - iv. Confirmed.

- b-c. Amended workpapers are being filed today as revisions to USPS-LR-R2017-1/NP-1 and USPS-LR-R2017-1/1.